

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1816 - SB 1733**

March 24, 2011

**SUMMARY OF BILL:** Establishes the Tennessee Municipal Government Economic Development and Opportunity Grand Fund (Opportunity Fund) as a separate account in the General Fund composed of appropriations from the General Assembly and gifts, grants, and other donations received by the Department of Economic and Community Development (ECD). Authorizes the ECD to allocate up to five percent of its annual appropriation for program administration, marketing expenses, and program evaluation. Specifies the funds remaining at the end of the fiscal year shall not revert to the General Fund and directs the State Treasurer to invest Opportunity Fund moneys for the sole benefit of the Fund. Requires ECD to allocate Opportunity Fund moneys to municipalities all across the state with established economic development funds dedicated to supporting general capital improvements and small business capital needs. Requires that grants from the Fund be awarded annually on a competitive basis.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – Exceeds \$500,000/Opportunity Fund**  
**Increase State Expenditures – Exceeds \$500,000/Opportunity Fund**  
**Exceeds \$500,000/General Fund**

**Increase Local Revenue – Exceeds \$475,000/Permissive**  
**Increase Local Expenditures – Exceeds \$570,000/Permissive**

**Assumptions:**

- According to ECD, no funds of this type are currently administered by the Department.
- The provisions of this bill do not specify the amount of funds to be appropriated to the Opportunity Fund, any potential local government match requirements, or standards for determining recipients and making awards.
- The total annual appropriation and the number of donations to the Opportunity Fund are unknown and cannot be determined. Estimate assumes at least \$500,000 will be redirected from the General Fund to the Opportunity Fund each year and there will be no donations to the Fund.
- ECD will allocate \$25,000 ( $\$500,000 \times .05$ ) for program administration resulting in \$475,000 available for grants to municipal governments. Management of the Opportunity Fund will not require an appropriation beyond what the department is authorized to allocate for such expenses.

- Estimate assumes local governments will be required to provide a 20 percent match for each award resulting in a permissive increase to local expenditure of \$95,000 ( $\$475,000 \times 20\%$ ).
- Local governments will expend the total amount of each grant award resulting in a permissive increase to local government expenditures of \$475,000. The total permissive increase to local expenditures is estimated to exceed \$570,000 ( $\$475,000 + \$95,000$ ).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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